

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0477-04  
Bill No.: SCS for HCS for HB 76  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
Department; Governor and Lieutenant Governor; Boards, Commissions,  
Committees, Councils  
Type: Original  
Date: May 15, 2013

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Bill Summary: This proposal modifies provisions relating to school accreditation.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>\$0 or Unknown - Could exceed \$100,000 or (Could exceed \$100,000)</b>	<b>\$0 or Unknown - Could exceed \$100,000 or (Could exceed \$100,000)</b>	<b>\$0 or Unknown - Could exceed \$100,000 or (Could exceed \$100,000)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **§§161.209 & 163.410 - Missouri School Improvement Program (MSIP) standards in fiscal years in which schools are underfunded**

Officials from the **Department of Elementary and Secondary Education (DESE)** state there would be no cost to the state or local school districts. There may be some savings at the local level; however, any amount would be unknown.

**Oversight** assumes savings could either be \$0 for no school districts being assessed a penalty in the first place to Unknown for savings to school districts for not having a penalty assessed under certain situations for not meeting certain Missouri School Improvement Programs standards. Oversight assumes school districts could also see savings by being excused from compliance with spending funds for professional development as required under §160.530.1 and the fund placement and expenditure requirements of §163.031.6.

#### **§§162.081, 162.083, 162.1300 - School accreditation for failing school districts**

**DESE** assumes there may be some costs to local school districts and charter schools to implement the provisions of this proposal. DESE assumes costs will likely be significant.

Officials from the **Kansas City Public Schools (KCPS)** assume that the proposed legislation requires KCPS to provide funding for at minimum one additional full time administrative employee (Special Administrative Board Chair). It also requires public meetings and other administrative requirements that would have in impact on district finances.

It is anticipated the legislation will have an unfunded fiscal impact between \$200,000 to \$300,000 to KCPS.

**Oversight** assumes the proposal states the State Board of Education may appoint a Special Administrative Board (SAB). In the event the SAB were not appointed, the costs to a school district would be minimal. For fiscal purposes only, Oversight will show a cost of \$0 or (Could exceed \$100,000)

ASSUMPTION (continued)

Officials from the **Office of the Governor, Parkway School District**, and the **Special School District of St. Louis County** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014	FY 2015	FY 2016
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Savings</u> - Local School Districts - Removal of penalty assessments, professional development costs, and fund placement and expenditure requirements (§§161.209 & 163.410)	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000	\$0 or Unknown - Could exceed \$100,000
<u>Costs</u> - Local School Districts - Administrative costs associated with Special Administrative Board (§162.081)	\$0 or (Could exceed <u>\$100,000</u> )	\$0 or (Could exceed <u>\$100,000</u> )	\$0 or (Could exceed <u>\$100,000</u> )

<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or Unknown - Could exceed \$100,000 or (Could exceed <u>\$100,000</u>)</b>	<b>\$0 or Unknown - Could exceed \$100,000 or (Could exceed <u>\$100,000</u>)</b>	<b>\$0 or Unknown - Could exceed \$100,000 or (Could exceed <u>\$100,000</u>)</b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## FISCAL DESCRIPTION

### §§161.209 & 163.410 - Missouri School Improvement Program (MSIP) standards in fiscal years in which schools are underfunded

Currently, if the school funding formula is underfunded or the transportation appropriation is less than 75% of allowable costs in Fiscal Years 2011, 2012, or 2013, a school district cannot be penalized for failing to meet its accreditation resource standards under the Missouri School Improvement Program. This section removes the limitation to specific fiscal years and applies this provision to any fiscal year in which the formula or transportation categorical is underfunded.

Similarly, if the Governor withholds funds for the school funding formula basic apportionment in any fiscal year, a school cannot be penalized in the following fiscal year for failing to meet resource standards under the program. Currently, this provision only applies in Fiscal Years 2011, 2012, and 2013.

Also, if the school funding formula is underfunded or the transportation appropriation is less than 75% of allowable costs, as outlined above, school districts shall be excused from compliance with spending funds for professional development and certain fund placement and expenditure requirement.

### §§162.081, 162.083, 162.1300 - School accreditation for failing school districts

Currently, a two-year period is required between classifying a school district as unaccredited and the lapse of the district's corporate organization. Under this bill, when the State Board of Education within the Department of Elementary and Secondary Education (DESE) classifies a district as unaccredited, it must review the governance of the district to establish the conditions under which the existing school board will continue to govern or determine the date on which the district will lapse and an alternative governing structure for the district.

The bill changes the timing and purpose of the hearing that DESE must conduct to require at least two public hearings regarding the district's accreditation status. The hearings provide an opportunity to convene community resources to support the school district as it attempts to return to accredited status. When it classifies a district as unaccredited, the state board may allow continued governance by the existing local board under specific terms and conditions or appoint a special administrative board to oversee the district.

A special administrative board will be responsible for the operation of the district until it is classified as provisionally accredited for two successive school years, after which time the state

FISCAL DESCRIPTION (continued)

board may provide for a transition back to local governance.

If the state board determines an alternative governing structure, it must provide a rationale for its decision and review and recertify the alternative form of governance every three years. In addition, it must create a public comment method for the residents of the district, establish expectations for academic progress that includes an anticipated time line to reach full accreditation, and provide annual reports to the General Assembly and Governor on the district's progress toward accreditation including a review of the effectiveness of the alternative governance.

A special administrative board will retain the authority granted to a school board under the laws of the state in effect at the time of the district's lapse and may enter into contracts with accredited districts or other education service providers to deliver high quality educational programs. If a student graduates from a school operated under a contract with an accredited district, the student's diploma will be from the accredited district. Neither the special administrative board nor its members or employees will be deemed to be the state or a state agency for any purpose. The state, its agencies and employees, will have absolute immunity from liability.

The bill repeals:

- (1) A provision that allows the state board to assign the assets and liabilities of a lapsed district to another district upon recommendation of the special administrative board;
- (2) The requirement that a provisionally accredited and unaccredited district develop a plan to divide up the district if the district cannot regain accreditation within three years of the loss of accreditation;
- (3) The authorization for the serving members of a special administrative board to appoint a school superintendent if the state board appoints a successor member to replace the chair of the special administrative board.

There is an emergency clause for §§162.081, 162.083, 162.1300.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Office of the Governor  
School Districts  
    Kansas City Public Schools  
    Special School District of St. Louis County  
    Parkway



Ross Strobe  
Acting Director  
May 15, 2013